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UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

EDITORIAL

In an rare display of resolve and unity of purpose member States seized the opportunity provided by UNCTAD VIII to undertake a radical reform of the organization. While reaffirming UNCTAD's position as the most appropriate focal point within the United Nations system for the integrated treatment of development and inter-related issues, the Conference created the premises for significant changes in what the organization does and how it does it. It redefined the relationship between UNCTAD'S analytical, normative and technical co-operation activities; agreed on a comprehensive reorientation of its substantive work around four themes, *viz.* a new international partnership for development, global interdependence, paths to development and sustainable development; evolved major new work programmes; and launched a far-reaching restructuring of the intergovernmental machinery and of its methods of work.

The significance of these changes, a detailed account of which is given elsewhere in this *Bulletin*, was recognized by all the Conference participants and was cogently summed up by the Secretary-General of UNCTAD, Mr. Kenneth K.S. Dadzie, as "a turning point in the history of UNCTAD." They should result in an enhanced capacity to produce high-quality analytical work, in an increased involvement of policy makers and non-governmental experts in UNCTAD's work and in a more effective treatment at the intergovernmental level of the critical development issues of the moment. This, in turn, should permit UNCTAD to become more responsive to its members' needs and thereby make a more tangible contribution to international co-operation for development. On a broader level these changes testify to UNCTAD's capacity to adapt itself to changing circumstances and also represent an important building-block in the current process of reform of the economic and social sectors of the United Nations.

The rapidity with which the reforms were conceived and adopted now needs to be matched by an equally speedy implementation. Both governments and the secretariat bear a responsibility in this regard. The Secretary-General of UNCTAD has already expressed his intention to make proposals for meeting the requirements of the new work programme and intergovernmental structures. This endeavour will have to be undertaken in the face of several constraints, not least among them those arising from the imbalance between resource availabilities and the demands implied by the Conference decisions. It is to be hoped, therefore, that the strong expressions of support for a reformed UNCTAD heard at the Conference and the undertaking given by member States to implement the decisions taken at Cartagena will continue to inspire the actions of governments both within UNCTAD and in other fora.

The United Nations Conference on Trade and Development (UNCTAD) was set up by the General Assembly in 1964 as one of its permanent organs, mandated to promote international trade, particularly that of developing countries, with a view to accelerating their economic development. UNCTAD has evolved into a universal forum with a development perspective, in which member States review the interdependence of economies and of issues in trade, money and finance. UNCTAD is composed of 179 member States, including the 174 members of the United Nations; many intergovernmental and non-governmental organizations have observer status. The Conference normally meets every four years at ministerial level to establish policy guidelines. Between sessions, work is carried out by the Trade and Development Board and its standing committees, working groups and other subsidiary bodies. The problems of the least developed countries and of Africa's economic recovery receive special attention in UNCTAD's work. The UNCTAD staff–part of the United Nations Secretariat–numbers about 400 and is headed by a Secretary-General, currently Mr. Kenneth K. S. Dadzie (Ghana).

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Michael C. Bonello, Editor

UNCTAD VIII ADOPTS THE CARTAGENA COMMITMENT, LAYS BASIS FOR A NEW PARTNERSHIP FOR DEVELOPMENT

At the end of almost three weeks of intensive deliberations at UNCTAD VIII in Cartagena de Indias, Colombia, delegations from one hundred and twenty-five countries on 25 February unanimously adopted a package of measures which fulfilled widespread expectations that UNCTAD would emerge from the Conference with a revised work programme and strengthened institutionally.[1] Apart from identifying appropriate national policies and setting forth clear guidelines for international co-operation on key issues in the interrelated areas of resources for development, international trade, technology, services and commodities, the Conference established precise objectives, registered significant policy advances and defined major new work programmes in these areas. Above all, however, the Conference achieved a decisive breakthrough in institutional reform which, effectively pursued, will considerably strengthen UNCTAD's capacity to play an active role in international co-operation for development.

The Need for Institutional Reform

Moving from the premise that the United Nations system faced the challenge of adapting its structures and operations to the new realities created by a changing world order, the Conference concluded that UNCTAD, as the principal organ of the General Assembly in the field of trade and development, needed to undergo a process of institutional adaptation and revitalization.

This approach was first applied to UNCTAD's functions. While confirming the existing functions, *viz.* policy analysis; intergovernmental deliberation, consensus building and negotiation; monitoring, implementation and follow-up; and technical co-operation, the agreed text states, however, that they would have to be exercised in a dynamic and progressive sequence. The latter is to start with the identification of a relevant set of issues. This would be followed by high-quality analytical work, which should benefit from invited inputs from both governmental and non-governmental experts, and by a subsequent process of discussion among governments aimed at identifying areas of convergence. This process would culminate, when appropriate, in negotiations undertaken on a selective basis, with due regard to the nature and maturity of the issues concerned. No less important, stress was placed on effective implementation, monitoring and follow-up. Technical co-operation would also be strengthened and integrated in all relevant areas of UNCTAD's work.

Priority Work Areas

The Conference further agreed on a comprehensive reorientation of the substantive work of UNCTAD which in effect delineates the scope of the organization's activities in the four years up to UNCTAD IX. These are grouped under four headings. The first calls for the translation into operational terms of the concept of **a new international partnership for development**. Work will focus on national and international efforts to ensure an increased participation in the world economy of developing countries and of countries undergoing the process of transition to market economies; and on intensified international co-operation for development.

Under the heading of **global interdependence** UNCTAD's objective will be to strengthen this interdependence and to reduce global economic imbalances. Work will concentrate on the international implications of macro-economic policies; the evolution of the international trading, monetary and financial systems; good management at the international level; and the consequences of enlarged economic spaces and regional integration processes.

"This has been a Conference of convergence, reflecting a remarkable unity of purpose among the delegations here assembled. The atmosphere and the substantive content of the discussions were no less striking. They were constructive, they were non-confrontational, they were positive. The work was marked by a combination—unusual in the dialogue on international economic co-operation for development—of balance, moderation and realism. They give complete satisfaction to none, yet they command the adherence of all. What is more, all have undertaken, in the final document, to give effect in good faith to the outcome, both nationally and internationally, in the competent forums, including UNCTAD."—Mr. Kenneth K.S. Dadzie, Secretary-General of UNCTAD.

[1] *The results of the Conference are contained in "A new partnership for development: The Cartagena Commitment" (TD(VIII)/Misc.4). Participants also adopted a political declaration, "The Spirit of Cartagena" which is reproduced on p. 6.*

The national dimension of the search for a new partnership is spelled out under the heading **paths to development**. Here the Conference called for the examination of national development experiences with the aim of deriving lessons and providing advice. Reference is made, for example, to experiences with policies in the areas of economic management and the respective roles of the public and private sectors and of promoting entrepreneurship. The interrelationship between economic progress, market-orientation, good management and popular participation will also be studied as will the economic aspects of the conversion of military capacities to civilian uses.

The fourth priority work area is **sustainable development**. The Commitment of Cartagena is the first internationally-agreed text that spells out the need to systematically re-examine concepts and tools of environmental analysis to incorporate the development dimension. Work in this area will focus on issues such as the interaction between trade and environmental policies, measures to promote ecologically-sound development, the generation and dissemination of environmentally-sound technologies, the impact of production and consumption patterns on sustainable development and on following-up the outcome of the United Nations Conference on the Environment and Development (UNCED).

In this context the Conference sent a message to UNCED which refers to the steps already taken to integrate the concept of sustainable development into all aspects of UNCTAD's work and expresses the view that a revitalized UNCTAD could contribute to the implementation of the action programmes eventually adopted by UNCED. To this end the Conference stood ready to make any further adaptation to UNCTAD's intergovernmental structure that might be called for.

New Intergovernmental Machinery and Methods of Work

A major development at the Conference was the decision to conduct a far-reaching restructuring of UNCTAD's intergovernmental machinery. Thus, while the Trade and Development Board remains the highest executive body in between sessions of the Conference, its functions have been re-focussed on policy issues and its work reorganized, taking into account the priority work areas mentioned above. As a result, the Board will be more active in adapting UNCTAD's work to changing worldwide economic circumstances, reviewing work programmes and priorities, promoting greater efficiency and reacting to reports from its subsidiary bodies.

Particularly significant was the Conference's decision to suspend all the existing Committees of the Board, with the exception of two specialized bodies, the Special Committee on Preferences and the Intergovernmental Group of Experts on Restrictive Business Practices. They have been replaced by four standing committees on **commodities**; **poverty alleviation**; **economic co-operation among developing countries**; and **developing services sectors**. The periodicity and duration of the meetings of these standing committees is to be strictly limited and their functioning will be reviewed immediately before UNCTAD IX. Moreover, for the purpose of undertaking the in-depth exploration of carefully defined subjects relating to trade and development requiring detailed analysis, examination and reflection, the Conference created five *ad hoc* working groups. They will deal respectively with **investment and financial flows**; **trade efficiency**; **privatization**; **trading opportunities for developing countries**; and **the interrelationship between investment and technology transfers**.

Methods of work were also overhauled and are set to become more flexible, both as regards the sequencing, duration and outcomes of meetings and the conduct of intergovernmental consultations and negotiations. This implies major changes in the traditional way of doing business in UNCTAD. Recognizing that resolutions often reflect little more than the lowest common denominator of convergence, for example, the Conference agreed that the intergovernmental process could result in outcomes expressed in other forms, such as agreed statements, conclusions, recommendations, decisions or, as appropriate, binding international agreements. In a critical reflection on the functioning of the group system, it also urged greater flexibility in the manner in which governments join with others within UNCTAD to pursue common objectives. In this regard, mechanisms such as *ad hoc*, issue-oriented groupings and better arrangements to facilitate cross-group communications will be fostered. More effective arrangements have also been put in place for preparing and following up the work of the Board. Finally, external actors such as enterprises, trade unions, the academic community and non-governmental organizations, as well as other international bodies would, depending on the issue, participate in an advisory capacity at meetings of the intergovernmental bodies.

Decisions on Substantive Issues

The Conference's deliberations on the five substantive topics on its agenda produced

agreement on a number of issues. Previous commitments were reaffirmed but, more importantly, new measures to be taken by the international community, both at the national and international levels, were agreed upon for promoting growth and development. New work programmes were also established.

Resources for Development

In this area, the Conference gave special attention to national policies for the mobilization of domestic savings. It also provided guidelines on the process of financial liberalization, the reform of State economic enterprises, and privatization as options in this regard. It emphasized the high priority to be given to human resource development, especially as regards women. The text also recommended that developing countries strengthen their efforts to improve the environment for foreign direct investment. On the other hand, and with a view to creating a more favourable international economic climate, developed countries were urged to undertake the necessary structural adjustment measures, reduce their external and fiscal imbalances and adopt appropriate and well-coordinated mixes of fiscal and monetary policies conducive to lower interest rates and stable exchange rates.

On the problem of external indebtedness, the text, although somewhat less assertive, highlighted several important elements of the evolving international debt strategy. On external finance for development, progress was made on policy measures to enhance both the quantity and quality of support for the reform efforts of developing countries. Recognizing the diversity of economic performance among these countries, the Conference also suggested that while highly concessional assistance should be focussed primarily on low-income countries, flows to other needy developing countries could be of a less concessional character. At the same time, firm efforts should be made by both donor and recipient countries to increase the effectiveness of aid. In a further definition of UNCTAD's role as regards resources for development, moreover, the Conference considered that the institution could also be a forum to promote discussions and negotiate basic consensus on the treatment of this issue in the different competent international organizations. In addition, work programmes were either enlarged, particularly as regards sustainable development, debt, investment and interdependence, or extended into new areas such as structural adjustment for the transition to disarmament and its implications for the world economy.

International Trade

A number of positive developments were also registered on the subject of trade. Governments reaffirmed their commitments to halt and reverse protectionism and recognized the importance of pursuing appropriate structural adjustment. As part of the fight against protectionism, the Conference agreed that UNCTAD should promote the establishment of transparent national mechanisms to evaluate protective measures sought by firms/sectors and the implications of such measures both for the domestic economy and for developing country exports. The international community was also urged to support the trade policy reforms of developing countries through improved market access and increased financial flows. As regards countries undergoing the process of transition to market economies, the Conference asked that international support be given to their efforts and that discriminatory measures against them be abolished. The Conference also called for special attention to be paid to the expansion of trade between them and developing countries.

The Conference expressed the view that the international trading system should support the observance of commitments to grant differential and more favourable treatment to developing countries. On the generalized system of preferences, preference-giving countries were invited to consider appropriate adjustments in country coverage and to extend product coverage as widely as possible. Finally, the Conference agreed on considerable reorientations and extensions of UNCTAD's work programme in such areas as the evaluation of the outcome of the Uruguay Round and the implications for developing countries of emerging regional free trade and economic integration arrangements.

Trade Efficiency

For the first time, the Conference considered international trade from the point of view of its efficiency, particularly in the light of new computer-based techniques and procedures which are capable of producing annual savings in transactions costs amounting to billions of dollars for both governments and traders. Such techniques would also have considerable revitalizing effects on trade flows by stimulating the integration of a greater number of countries in world trade. The Conference called for guidelines to be evolved for concrete action towards trade efficiency at national and international levels, while preserving full scope for private sector initiatives. These efforts are expected to culminate in the convening of an

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THE SPIRIT OF CARTAGENA

The eighth session of the United Nations Conference on Trade and Development met in Cartagena in the midst of profound transformation in the world order. Against the background of political and economic changes, the member States and participants agreed on the existence of an unprecedented opportunity to lay the foundations for policies of co-operation aimed at promoting economic and social progress in all countries of the world.

Conscious also of the increasing interdependence of the community of nations, and bearing in mind that without lasting economic progress there can be neither peace nor security, the States members of UNCTAD agreed that development should become the priority item on the agenda of the international community. In order to confront this challenge, they decided to establish a new partnership for development based on the decisions they have taken by consensus at this Conference.

This partnership commits all member States to engage in a continuous and constructive dialogue inspired by the need to achieve a more efficient and equitable world economy. It is recognized that, for the success of this new partnership, it is important to overcome confrontation and to foster a climate of genuine co-operation and solidarity. It is equally important to strengthen national and international policies and multilateral co-operation to adapt to the new realities.

UNCTAD must play a highly significant role in the new partnership for economic development. To that end, it was agreed to revitalize UNCTAD by reforming its machinery and working methods and by strengthening its capabilities in addressing the economic and development problems of all countries, particularly developing countries. The intergovernmental machinery has been restructured with a view to enabling UNCTAD to address the new realities and better prepare the organization to take up the new challenges that have arisen in the search for an equitable and sustainable global development, which will narrow the gap between rich and poor while at the same time protecting the environment. This strengthened UNCTAD stands ready to contribute to the implementation of the action programme, as appropriate, that may be adopted by the United Nations Conference on Environment and Development in Rio de Janeiro.

Furthermore, the need is reaffirmed to give priority to the problems facing the least developed countries due to the fragility of their economies and their particular vulnerability to external shocks and natural calamities. The fight against poverty is also given a predominant place in the new mandate of UNCTAD.

A new spirit has emerged from this Conference–the Spirit of Cartagena–which should inspire the new economic relations between countries. This new partnership for development is an historic event which makes it possible to face the future with greater hope.

The States participating in this Conference declare their political will and responsibility to ensure that the agreed commitments are translated into reality.

international symposium on trade efficiency in 1994. Meanwhile, the Conference established a working group on this topic and UNCTAD was requested to continue to strengthen its analytical and technical co-operation work, including experiments carried out jointly with the private and public sectors of pilot countries.

Technology

The discussion on technology led the Conference to identify the linkages between technological capability and its impact on social and economic development and to recommend appropriate policies and measures for both developed and developing countries. It emphasized that national technology policies require policy frameworks to promote entrepreneurship and encourage technological transfers, including through foreign investment. Stress was also laid on the need for incentives for domestic capacity building and innovation. Developed countries were encouraged to facilitate access to technology by developing countries and co-operation between their enterprises and scientific and technology institutions and those of developing countries.

Other new areas receiving attention included the technological requirements of countries undergoing the process of transition to market economies, the transfer and development of environmentally sound technologies, as well as intellectual property rights related to the transfer of technology and the development of indigenous technological capability. One of the new elements included in UNCTAD's work programme refers to the transfer of environmentally sound technology and the interrelationship between trade in goods and services, investment, finance and environment.

Services

On services the Conference focussed on enabling developing countries to benefit from the liberalization of trade in services and on increasing their participation in such trade. The international community was urged to support the efforts of developing countries to strengthen their productive and export capacity in the services sector; for the first time, it is envisaged that such support should include financial assistance.

Regarding the work programme, the Conference stressed the promotion of international co-operation to help developing countries to overcome their handicaps in this sector by enhancing their international competitiveness, fostering environmentally friendly services, and expanding the contribution of services to their sustainable development. The Conference also recommended that attention be given to increasing trade in services in countries undergoing the process of transition to market economies.

Commodities

The Conference clearly recognized the need to evolve an international commodity policy for the 1990s, given the generally dire situation in world commodity markets. In this context a consensus emerged on the need for sound, compatible and consistent policies emphasizing increased reliance on market forces to determine commodity prices. Such policies should also ensure the proper management of natural resources and optimize the contribution of the commodity sector to development.

On national policies, the new accent is on comprehensive commodity-sector strategies within a macroeconomic framework and on strong national support structures to improve competitiveness and encourage diversification. The scope of desirable international support measures for such national policies has been widened to include institution building and entrepreneurship, promoting efficiency and transparency in the operation of price formation mechanisms, and exploring new approaches for minimizing risks arising from commodity market fluctuations.

In a separate decision, the Conference set in motion a process leading to the convening of a world commodities conference if and when a sufficiently strong consensus emerges on precise objectives and desired results. As regards future work the Conference, in addition to re-affirming UNCTAD's co-ordinating role among all bodies involved in the area of commodities, called for activities aimed at: improving price formation mechanisms and facilitating the use of risk management techniques; exploring links between commodity policies, the use and management of natural resources and sustainable development; and reviews of national commodity policies.

Least Developed Countries

The Conference decisions on least developed countries (LDCs) mark an advance over the Programme of Action adopted at the Paris Conference in 1990. In addition to urging special measures in favour of these countries in the various areas mentioned above, the Conference requested that the commitments contained in the Programme of Action in relation to ODA targets

and levels be reviewed by the Trade and Development Board in the light of the addition of six countries to this category since the Paris Conference. The Conference also recognized the need to address the additional resource and related needs of LDCs as a result of unforeseen developments in the world economy such as the Gulf war and developments in the economies of their donor and trading partners in Central and Eastern Europe. As to the work programme, the agreed text calls for in-depth analyses of the socio-economic situation and domestic policies of the LDCs, their resource needs, individual donor performances and of external factors affecting their economies.

Economic Co-operation among Developing Countries

The Conference underlined the importance of the contribution that the international community could make to ECDC through various forms of support, including technical co-operation. It agreed that structural adjustment programmes and processes financed by multilateral financial institutions should take into consideration the imperatives of ECDC, which it viewed as a means for enhancing the integration of developing countries in the world economy. It recognized the need to factor macroeconomic policies into ECDC and identified several new dimensions for co-operation such as transport infrastructure, communications and the environment. Furthermore, it expressed support for the work being pursued in UNCTAD on the feasibility of establishing an inter-regional trade financing mechanism to underpin developing country trade. There also emerged a widespread feeling that ECDC should be enlarged in the context of the work programme to include co-operation with countries other than developing countries, such as those in Central and Eastern Europe.

Sustainable Development

The theme of sustainable development permeated all aspects of the discussions at UNCTAD VIII. In particular the Conference elaborated on the concept so as to integrate ecological sustainability with economic efficiency and social equity. It also identified a set of domestic and international policies designed to make economic growth and environmental protection mutually supportive.

The agreed text stresses the need for UNCTAD to work towards the following objectives: the establishment of a framework for co-existence between environmental measures and international trade rules which would prevent the use of such measures for protectionist purposes; the possibilities of providing developing countries with additional resources for environmental protection and development; the generation, adaptation and dissemination of environmentally sound technologies; and fostering the sound management of national resources, taking development requirements into account, through enhanced international co-operation. Finally, as mentioned earlier, UNCTAD VIII addressed a message to the United Nations Conference on Environment and Development.

Technical Co-operation

The Cartagena Commitment contains a clear recognition of the value of UNCTAD's technical co-operation activities, as well as strong support for their continuation and expansion. Possibilities were identified, for example, for such co-operation to be extended to developing countries in the context of their trade policy reforms, for facilitating their participation in the GATT trade policy review mechanisms, and for the expansion of trade between them and individual countries of Central and Eastern Europe, as well as in the area of services and technological development.

Conference Follow-up

UNCTAD VIII has clearly signalled a major change of direction for the organization. As the Secretary-General of UNCTAD, Mr. Kenneth K.S. Dadzie, has pointed out, however, the Conference must be seen as a point of departure rather than a point of arrival. The new and expanded orientations given to UNCTAD's work programmes have far-reaching implications for the secretariat's activities, its work methods and its organizational arrangements. Governments, too, will have to adapt work methods and practices to the requirements of the new institutional machinery.

The implementation phase began in March with governments and the secretariat both engaging in an assessment of the implications of the Cartagena Commitment. At the same time, the Secretary-General of UNCTAD launched a series of informal consultations with delegations with a view to submitting proposals to the Trade and Development Board on the terms of reference of the newly-created standing committees and *ad hoc* working groups, for specific activities arising from the new work programme and for the preparation of relevant documentation. The Board commenced consideration of the institutional issues arising from the Conference on 21 April. A progress report will be published in the next issue of the *UNCTAD Bulletin*.

THE RAÚL PREBISCH LECTURE

The theme chosen for the fifth Raul Prebisch Lecture, which took place on 9 February 1992 during UNCTAD VIII was *Economic development. Towards a new partnership*. These lectures were instituted in 1982 by the then Secretary-General of UNCTAD, Mr. Gamani Corea, to honour Don Raúl Prebisch, UNCTAD's founding father and first Secretary-General. The first lecture was given by Prebisch himself. The second one was given by Mrs. Indira Gandhi, Prime Minister of India, on the occasion of UNCTAD VI (Belgrade, 1983), the third by Dr. Saburo Okita, from Japan on the occasion of UNCTAD VII (Geneva, 1987) and the fourth by Academician Abel Aganbegyan (USSR) during the celebration of UNCTAD's twenty-fifth anniversary (Geneva, 1989).

On this occasion an innovative approach was adopted whereby three eminent personalities were invited to conduct a dialogue. The panelists were: Mr. B. Chidzero, Senior Minister of Finance, Economic Planning and Development of Zimbabwe; Mr. M. Rocard, former Prime Minister of France and Mr. E. Iglesias, President of the Inter-American Development Bank. Mr K.K.S. Dadzie, Secretary-General of UNCTAD opened the proceedings while Dr. R. Hommes, Minister for the Treasury and Public Finance of Colombia acted as moderator. The full text of the proceedings will be available in due course in booklet form. Meanwhile, highlights from each speaker's contribution are given below.

Mr. Chidzero said that although the recent dramatic economic and political changes on the world scene had opened up new opportunities, the possibility of a greater polarization between North and South and of a further marginalization of the South could not be discounted. Development, without which peace and security were not possible, was a global responsibility which had to be approached through a new partnership. This called for some rethinking in at least two respects. First, the reality of market-oriented and more competitive economies suggested the need for more liberal economic policies and less State intervention, and for rules and regulations which did not go against market forces but which sought to moderate them and to avoid exploitation of the weak by the strong. This had implications for governments and for international organizations like UNCTAD. Second, to-day's changed circumstances also called for a rethinking of institutional roles and methods. UNCTAD has to adapt its analytical approach, in particular to the need for a new development partnership, as well as its work methods. In all areas of UNCTAD's substantive work, the objective should be to promote analytically informed debate leading to common perceptions and approaches and to agreed measures.

Mr. Rocard said that history had shown that a pluralistic, decentralized democracy was the only institutional arrangement that genuinely promoted development. However, freedom and democracy could not alone remove inequities. Governments had an important role to play in this regard. The heavy social costs being borne by many countries implementing radical reforms also demanded attention. UNCTAD was, he said, the place to develop fresh thinking on structural adjustment policies and a more creative and ambitious approach to the debt problem. A new approach based on solidarity was also necessary in the North-South dialogue and in multilateral co-operation. Developed countries must face their responsibilities as partners, in particular by increasing their financial assistance and by implementing an innovative debt strategy. Development, however, was not only a matter of money and technology. It depended also on real solidarity at the local and regional levels. With regard to existing multilateral institutional arrangements dealing with development issues, Mr. Rocard said there was a tendency to treat these issues as if they were independent. But the debt problem, for instance, was linked to the problem of depressed commodity prices. UNCTAD was the only forum which could apply such a multi-sectoral approach.

Mr. Iglesias said a new paradigm of development policies had emerged based on greater use of the market mechanism, more open economies and a reduced role for the State. He warned, however, that no single model was universally applicable. Moreover, it was worthwhile to consider the political, social and environmental sustainability of the new paradigm. It was also necessary to ask what kind of international economic climate was needed to ensure its viability. Such a climate, he suggested, required a transparent trading system based on fair, non-discriminatory competition among all countries; adequate prices for commodities; a more liberal access for all countries to sources of international savings; effective access to new technology; and a development co-operation policy which furthered the process of change and modernization. Developing countries would only have the moral authority to expect such co-operation, however, if they made vigorous domestic efforts. In such a context, international co-operation became a matter of reciprocal interest. Antagonistic negotiations must give way to a balancing of interests and a search for consensus. This meant that the United Nations, and UNCTAD in particular, must set their action on a new course.

WORLD SEABORNE TRADE TO REACH 5 BILLION TONS BY 2001

World seaborne trade is expected to grow by an average of 3 per cent a year this decade to reach 5 billion tons by 2001 according to UNCTAD's recently published *Review of Maritime Transport*. Over the same period, the world merchant fleet should expand by a quarter to 853.4 million deadweight tons (dwt). These and other highlights of the *Review* are summarized in this article which also provides an up-date on UNCTAD's technical co-operation activities in the maritime transport sector.

Trends in Seaborne Trade

In 1990 international seaborne trade grew for the fifth consecutive year to a record-breaking level of 4 billion tons. Both of the main cargo types, tanker and dry cargoes, shared in this increase. At the same time, the total ton-miles indicator for all cargoes rose by 3.8 per cent to 17.035 billion, the highest figure for the last decade. While all cargo groups except iron ore experienced growth, oil registered the most important increase in terms of ton-miles, 6.1 per cent. A special contributory factor were the measures taken by oil producers in connection with the Gulf crisis, most notably the sharply increased output by Saudi Arabia and the re-routing of cargoes during the second half of 1990.

Developed market-economy countries continued to dominate world seaborne trade in 1990, generating 44.3 per cent of all goods loaded or exported, and 67.3 per cent of all goods unloaded or imported. Developing countries expanded their seaborne exports so that their share in all goods loaded increased by 0.4 per cent to 48.3 per cent, mainly under the impact of higher exports of crude oil and of petroleum products. With respect to goods unloaded, the share of developing countries remained at the level of the previous year, 26.5 per cent. Countries of Eastern Europe posted slightly reduced shares in 1990 for both goods loaded and unloaded, while the shares of the socialist countries of Asia remained unchanged.

World Fleet Developments

Reflecting trends in international seaborne trade, the world merchant fleet continued to expand in 1990 and at mid-year stood at 658.4 million dwt. This increase was the combined result of a faster rate of new ship deliveries and a slower rate of demolition. The latter was only slightly higher than in 1989 when it stood at its lowest level in a decade. An analysis of the world merchant fleet by vessel type shows that oil tankers remained the largest category with 38.6 per cent of the total, followed by dry bulk carriers (35.8 per cent), general cargo ships (15.8 per cent) and container ships (3.9 per cent).

The balance between supply and demand for shipping improved slightly in 1990 such that the proportion of surplus merchant ships fell further to 9.7 per cent of the total fleet, equivalent to 63.7 million dwt. Although there was an imbalance in practically every sector of world shipping, the situation varied from one sector to another. Thus tankers accounted for the largest excess tonnage, estimated at 41 million dwt and almost a sixth of the world tanker fleet, while in the dry bulk fleet it stood at 19.3 million dwt, or 8.4 per cent of the fleet. The surplus was much less significant in the general cargo sector, 1.8 million dwt or 2.8 per cent of the cargo fleet total.

Ownership of the world merchant fleet in 1990 remained largely concentrated in the five major open-registry countries–Liberia, Panama, Cyprus, Bahamas and Bermuda–and in the developed market economy countries, which accounted for 34.1 per cent and 33.3 per cent of the total, respectively. Greece was the most important maritime nation as Greek nationals controlled, directly or through companies registered in other countries, almost 14 per cent of the world's total deadweight capacity, followed closely by Japan with over 13 per cent.

Developed market economy countries continued to control, directly or through open-registry countries, the major share of the tonnage in each vessel category. Thus, for example, they owned 78.9 per cent of the world oil tanker fleet, 67.6 per cent of container ships and 62.7 per cent of dry bulk carriers.

The total fleet of developing countries increased by 3.5 per cent in the year to mid-1990 to 139.7 million dwt. A certain amount of the tonnage registered in developing countries, however, relates to vessels bareboat chartered-in rather than effectively owned by the developing countries concerned. The increase in tonnage in 1990 was reflected in a marginal rise in the developing countries' share in the world merchant fleet to 21.2 per cent. Within the group of developing countries, Asian countries, mostly NICs, accounted for nearly two-thirds of the total tonnage, followed by Latin American countries with almost a fifth and developing countries of Europe with a tenth. The distribution of the developing country fleet also remained unbalanced: 10 countries or territories represented 69.5 per cent of the total.

The *Review* also reveals that developing

countries continued to bear relatively more significant transport expenses. Thus, while the average proportion of total freight costs to c.i.f. import values stood at 5.27 per cent in 1989, the latest year for which data are available, for developing countries this ratio was 8.8 per cent, almost double that for developed market-economy countries.

Technical Co-operation and Training

In 1990 UNCTAD continued to expand its technical co-operation activities in the field of maritime transport. A total of 43 projects were executed during the year for a total value of $4 million. Over four-fifths of the funding for the programme was provided by the UNDP with the balance coming largely from bilateral donors.

The TRAINMAR Programme, which is helping to promote a greater maritime training capability in developing countries, entered a consolidation phase following the evaluation of the programme carried out in 1989. Towards the end of the year, UNDP agreed to finance a new interregional project to implement an Action Plan.

The new approach to on-the-job training, JOBMAR, initiated by UNCTAD in 1989, was continued during 1990. By the end of the year, 23 candidates had been placed, mostly with port authorities, shipping companies, industrial companies with in-house transport divisions, and ship brokers, while five additional placements had been negotiated for the first half of 1991.

The development and implementation of an Advance Cargo Information System (ACIS) for African transport operators was continued through three subregional technical co-operation projects in Southern Africa, West/Central Africa and East/Central Africa. Priority development focused on software modules for cargo tracking from the sea leg, through ports and on to railway modes. A module enabling shipping lines to electronically transmit manifest data was successfully tested in mid-1990; port harbour master/operations planning and gate pass modules were developed and are now being used in African ports. The module enabling railway companies to fully track rolling stock and cargo was finalized and, by the end of 1990, it was operational on four African railways (Malawi, United Republic of Tanzania, Zaire, Cameroon). During 1991 it was being installed on at least six other railway networks, i.e. Senegal, Mali, Côte d'Ivoire, Burkina Faso, Benin and Zambia. The design of the Backbone Information System, which links these modules together to make an integrated information system for logistics management, is now under way.

A new subregional multimodal transport project was initiated in 1990 in collaboration with the Commission of the Cartagena Agreement (JUNAC) for the Andean Pact countries. The overall objective is to increase the contribution of the transport sectors of the Andean countries to subregional development and integration. Meanwhile, a national multimodal transport project in Ethiopia, designed to introduce institutional, documentary and technical improvements to facilitate cargo movement through the port of Assab to and from Addis Ababa, produced recommendations for removing transportation bottlenecks identified in an earlier phase.

TECHNICAL CO-OPERATION FOR IMPROVED DEBT MANAGEMENT

UNCTAD and the World Bank have recently agreed to join forces in extending technical co-operation to developing countries in the area of debt management. The programme, which will be co-sponsored by UNDP, will serve to co-ordinate the debt-related activities of these institutions and to enhance the quality and delivery of the services provided to their member countries. Reflecting the experience accumulated respectively by the two institutions, UNCTAD and the World Bank will each be the lead agency in one of two sub-projects which are currently being formulated under the programme. The first, for which UNCTAD will be responsible, includes the design, construction and installation of a computer-based debt management system software package (CBDMS) using state-of-the art computer technology, while the second, led by the World Bank, will provide expertise on the financial aspects of debt management. Each institution will contribute to the work of the other.

Pending the implementation of this programme, the two institutions will shortly launch a debt-management software package which will integrate the World Bank's Debt Strategy Module (DSM) into UNCTAD's Debt Management and Financial Analysis System (DMFAS). Work on this interface will benefit from the feedback received from a wide range of users, including the present users of DMFAS and DSM, debt managers and policy makers in developing countries and members of the international financial community such as the World Bank, the IMF and the Paris Club Secretariat.

Meanwhile, UNCTAD's long-standing activities in the field of debt management continue. They are the subject of this article, another in the

current series on the various components of UNCTAD's technical co-operation programme.

The Importance of Debt Management

One of the gravest problems still facing many developing countries to-day is the burden of external debt. For all developing countries the outstanding volume of such debt is about $1,300 billion, and its servicing consumes more than one-third of their combined export earnings. As a result, a vicious circle of over-indebtedness and economic stagnation is destabilizing entire economies, giving rise to social and political tensions.

As a first step towards achieving better control of debt problems, governments have sought to improve existing systems for recording and reporting external liabilities. Access to accurate data relating in particular to signed contracts, and to past and future loan disbursements and debt service payments is essential for the effective formulation and execution of economic policy.

The size and technical complexity of this task have, however, proved to be beyond the capacity of many countries. A basic weakness has been the absence of a systematic collection of external debt information and its localization in a central data base. Because of this data deficiency many countries have had to rely on debt information provided by their creditors. A debtor's bargaining capacity is clearly weakened when it proves difficult or impossible to verify independently the figures advanced by creditors. An accurate reporting system, therefore, constitutes the basis both for good day-to-day management and for preparing a successful negotiating position.

Properly conducted, effective debt management can lead to major foreign exchange savings by avoiding all kinds of costs–from steep commission fees and penalty interests to unfavourable borrowing terms and conditions. The critical factor is timely and accurate information. Considering the volume of information to be processed–Egypt, for example, has around 5,000 loans and many smaller debtor countries carry upwards of 1,000 loans on their books–and the need for flexibility, the most efficient solution is the computerization of national debt offices. This is an effort which many developing countries can only undertake with the assistance of multilateral and bilateral co-operation agencies.

UNCTAD's Debt Management Programme

The question of debt has been examined within UNCTAD since well before the Mexican debt crisis of 1982. In 1978 developed donor countries agreed to provide debt relief to poorer developing countries by adjusting the terms of past bilateral official development assistance loans, or through equivalent measures, so as to bring them into line with the then prevailing softer terms. In 1980, an international framework was agreed in UNCTAD designed to govern the renegotiation of debt owed to official creditors.

The 1978 agreement had also opened the way for the UNCTAD secretariat to attend, at the request of interested debtor countries, Paris Club debt rescheduling meetings. Since then UNCTAD has participated as an observer in over 150 such meetings involving some 45 countries. At these meetings, UNCTAD presents an analysis of the economic circumstances and future prospects of the debtor country and makes a case for appropriate debt relief. In the context of these bilateral debt reschedulings, UNCTAD has also provided advice to debtor countries, at their request, in preparing their case for submission to the Paris Club. In a few instances, assistance was also extended during the negotiations themselves.

This long experience in dealing with debt problems enabled UNCTAD to become familiar with the strengths and weaknesses of debt management systems in a large number of countries. This, in turn, led to the conclusion that enhancing the capacity of developing countries to manage their foreign debt would contribute to a better understanding of debt problems and to better external resource management. This thinking led to the creation in 1981 of UNCTAD's Debt Management and Financial Analysis System (DMFAS). Assistance under this programme falls broadly under three headings, *viz.* software, institutional aspects, and training and advisory services.

The Software Package

The DMFAS software has been designed to meet the statistical, analytical and operational needs of a variety of users within governments with responsibility for different aspects of debt management and external financial planning. The objective is to strengthen the technical capacity to monitor external resources and debt-service obligations; to integrate debt management into the management of public-sector finance; to relate scheduled debt-service payments to a comprehensive projections system for the external sector; and to improve the capacity to select appropriate external borrowing strategies.

Since the installation of the first version in Liberia in 1982 and in Costa Rica a year later, the software package has undergone several improvements. The current version consists of three modules: the Debt Monitoring System

(DMS); the Debt Reorganization Sub-System (DRES); and the Debt Projections and Balance-of-Payments Linkage System (DPS). In the planned UNCTAD/World Bank software package referred to earlier, the latter module will be replaced by the Bank's DSM.

The DMS module allows the user to follow medium and long-term debt, both public and private, internal and external and governmental as well as on-lending operations. Short-term debt and grants may also be registered by the user. In addition, the DMS also permits projections to be made through a flexible selection criteria, which gives a high "user friendly" character to the system.

The DRES module helps the user to register the details of a debt reorganization while reducing manual intervention to a minimum. It facilitates the establishment of the relationship between the reorganized, *i.e.* old loans, and the reorganizing, *i.e.* new loans. Through a detailed registration of an already concluded debt reorganization agreement, it provides the steps to be followed at the different stages of negotiations with creditors. In this context, the DPS module can be used to simulate different rescheduling scenarios in anticipation of negotiations.

The DPS module handles the financial analysis. It allows the user to simulate financial scenarios combined with pre-calculated balance-of-payments scenarios. It can assist the debt analyst in studying the impact of new loans on the aggregate debt profile; in analyzing the effect of a debt rescheduling based on different hypotheses; and in combining debt data, aggregated as required for the particular analysis, with various balance-of-payments scenarios. The DPS is also used to calculate the additional borrowing needed to close a given balance-of-payments gap.

Institutional Aspects

While the development of the DMFAS software and its installation presently constitutes the core activity of UNCTAD's technical co-operation programme in the area of debt management, it is increasingly recognized that to achieve optimum results, an adequate legal, institutional and administrative framework to handle debt and to co-ordinate debt policies is also necessary. The multifunctional nature of debt management, its dependence on consistent and timely data for accurate analysis, and the sheer magnitude of operations to be handled have encouraged many countries to try to develop or to acquire a computerized debt management information system as an aid to the recording, analytical, control and operating functions. To date most of these efforts have not produced satisfactory results. This may be attributed to an error of perception: a computerized operation is not the debt management system itself, but only an adjunct to the system. It is useful only for countries that already have the necessary institutional and organizational elements of a good management system. Similarly, complete and accurate information in itself is not a sufficient condition for an effective debt management system. In response to a growing awareness of these facts, UNCTAD has increasingly devoted attention to institution-building, to which the installation of a computer-based system is but a complement.[1]

Training and Advisory Services

While the DMFAS has been designed to be user-friendly, incorporating such features as easy-to-follow screen displays, skilled operators are needed to manage and use the system with maximum benefit. Since the expertise available within the debt management infrastructure of debtor developing countries is often inadequate for this purpose, training activities have accordingly been developed whose main objective is to ensure that there is a sufficient number of operators/technical staff who are able to cope with the DMFAS software. Another objective is to provide the middle level management, basically managers of the debt units, with the skills required for effective planning, implementation and control of debt data collection, recording and processing, and also with an understanding of selected institutional issues, and in particular of the legal and policy framework within which they perform their duties. Finally, some training activities are specially designed to give senior officials and decision makers a heightened awareness of the need to, and of ways of, improving the institutional structures necessary for effective debt management.

Training is consequently provided at three levels, *viz.* locally by DMFAS team members at the time the system is being installed; regionally for participants from countries of the same region; and centrally through seminars at UNCTAD headquarters in Geneva. Furthermore, exchange of experience among countries using the system is promoted through arrangements for short visits to the national debt offices of other users.

These training activities are complemented by a wide range of advisory services which are

[1] *For an explanation of the main functions involved in debt management and their interlinkages, see "Effective Debt Management", (UNCTAD/RDP/DFP/DMS/2), Geneva 1989.*

provided at the specific request of governments. They comprise analysis of requirements and information flows; hardware selection and configuration; installation of the DMFAS software; provision of a resident advisor, where required; on-site trouble shooting; and the identification and provision of access to sources of advice on administrative, institutional and legal issues.

Project Growth and Financing

Presently the system is installed and operational in 18 countries, in some of which the technical co-operation project has been successfully completed. At the end of 1991 there were 9 active projects, while a further 7 country projects had passed the design stage and were being considered by the respective governments.

UNCTAD's technical co-operation in the area of debt management is normally financed through UNDP-supported country and regional projects. However, an increasing proportion of expenditures –from 21 per cent in 1986 this proportion has risen to 55 per cent in 1990–is now being financed by bilateral donors. These are Belgium, France, Germany, Italy, the Netherlands, Norway and the United Kingdom. In one case, the recipient country paid for the technical assistance. Since 1981, the total extra-budgetary cost has amounted to about $6 million. In addition, UNCTAD provides technical and administrative support to the programme from its own resources.

The cost of individual country projects depends on a range of factors affecting the installation and use of the UNCTAD system. These include the volume and complexity of debt data; the availability and reliability of these data; the quality and range of skills of government officials involved in debt management; and the extent of equipment requirements. Thus the cost of DMFAS projects has varied from about $100,000 to close to one million dollars.

UNCTAD's experience is therefore very much in line with the estimates made by an independent group of experts nominated by UNDP, the so-called Kalderen Group. In its report, the Group estimates that computerizing the debt portfolio of a middle-sized developing country may cost up to $500,000. On this basis it is estimated that some $200–$300 million would need to be spent on technical assistance over the next five years to bring external debt management in all developing countries up to an acceptable standard.

CALENDAR OF UNCTAD TECHNICAL CO-OPERATION TRAINING ACTIVITIES

Subject	*Date*	*Location*	*Type of activity*
Generalized System of Preferences (GSP)	20-22 May	Harare (Zimbabwe)	National seminar
	15-17 July	Mutare "	"
	July	Hungary	"
	"	Romania	"
	19-21 August	Harare (Zimbabwe)	"
Trade Promotion: developing countries/CIS	19-21 May	Kiev (Ukraine)	Interregional workshop
Shipping	11-29 May	Antwerp (Belgium)	Interregional workshop on Port Management and Development
	11-15 May	Le Havre (France)	Interregional multimodal transport workshop
	1-5 June	Malmö (Sweden)	"
Insurance	15-17 June	Singapore	Regional seminar (ASEAN)

This calendar appears periodically in the "UNCTAD Bulletin". Persons interested in obtaining information on any of the above-mentioned training activities are invited to contact the Chief, Joint Technical Co-operation Unit, UNCTAD, Palais des Nations, 1211 Geneva 10, Switzerland.

IRON ORE PRODUCERS, CONSUMERS SEE LEVELLING-OFF IN 1992

Government officials and industry advisers from thirty-four producer and consumer countries meeting late last year under the auspices of UNCTAD's Intergovernmental Group of Experts on Iron Ore have predicted a levelling-off in 1992 of the sustained activity which characterized the iron ore industry in 1991. Established only five years ago as the first and only international forum for a regular producer-consumer dialogue on iron ore, the Intergovernmental Group of Experts has contributed significantly to an improved market situation. Supply and demand are now in close equilibrium and the resulting reversal of the long-term downward trend in prices has restored confidence in the industry and investment has resumed.

This article takes a closer look at recent trends in the iron ore industry and then concludes with a brief comment on environmental issues.[1]

Recent Trends

After three consecutive years of growth, world production of iron ore slowed down slightly in 1990 from the all-time record level of 1989 to nearly 974 million tons. Despite the continuing growth of output in Latin America, the share of developing countries in world production fell marginally to 29 per cent, due to the sharp contraction in Africa's output. In the ex-USSR, the largest producer with an output equivalent to a quarter of the world total, production continued to drop sharply, with a noticeable effect on the world market situation. In the developed market-economy countries, iron ore production fell too in 1990, though to a much lesser extent, to 393 million tons. In China, output grew further to 183 million tons but remained insufficient to meet a rising domestic demand.

As regards consumption, world demand for iron ore declined slightly in 1990 after three years of strong growth in response to lower levels of crude steel production. Iron ore consumption stagnated for the first time in developing countries and slowed down in the developed countries. During the first half of 1991 iron ore demand resisted fairly well to the impact of the Gulf War and fears of a strong world recession. As a result, despite some weakening in comparison with the previous year, 1991 has been a good year. While a somewhat less favourable picture is predicted for 1992 as a whole, world steel demand is expected to start rising again later this year and a recovery is predicted for 1993-94.

World trade in iron ore declined in 1990 with total exports amounting to 396.4 million tons, almost 6 per cent below the 1989 record level. The trade slowdown was more accentuated than the decline in total output because a number of events such as war, strikes, fire, technical and loading problems affected the schedule of shipments in several exporting countries during 1990. Seven out of the ten major exporting countries reported lower export figures. Trade patterns remained unchanged, with Brazil and Australia again the leading exporters and Japan and Germany continuing as the major importers.

Reflecting these market developments, iron ore prices continued to recover from their record low levels of 1988. Despite a cumulative increase of 31 per cent in 1989 and 1990 and a further 8 per cent rise in 1991, however, in real terms these prices were still 26 to 30 per cent below the level of the early 1980s.

With respect to financing and investment trends, the UNCTAD analysis shows that the past two years have been characterized by a new wave of investment decisions. Steady demand, a reduction in existing world mining capacity and the trend towards greater stability resulted in a more favourable climate for investment. Moreover, the political and economic transition taking place in Eastern Europe, the economic reforms in China and the wave of liberalization and privatization in developing countries increased the attractiveness of foreign joint ventures not only from the point of view of profitability but also as a means of sharing financial risks. The competition among developing countries and Eastern Europe for foreign partners has consequently become more marked.

While the market upturn in the past few years has improved the economic viability of a number of projects, some private investors seem to be cautious for a number of reasons. One reason is that if all the envisaged projects were to be implemented at the same time, another period of over-supply and depressed prices seems inevitable. Moreover, since in many developing countries total financial outflows exceed inflows of new capital, the development of any new project requires a very careful cost-benefit analysis in order to avoid generating an additional negative transfer of resources. In this context, the regular exchange of information on planned activities and projects constitutes a very useful aspect of the work of the Intergovernmental Expert Group with a view to maintaining market equilibrium.

[1] *For more detailed discussion of these and related topics see "Review of the current situation and outlook for iron ore–1991", (TD/B/C.1/Iron Ore/8).*

Environmental Issues

Given the growing awareness of the need to protect the environment, the iron ore industry has become more conscious of the effects of the rapid depletion of natural resources and more attentive to pollution control activities. Since iron ore is a low-value commodity, however, it has been particularly difficult, especially for developing producer countries, to absorb the costs involved in pollution control activities, research on new, environmentally friendly technologies and in implementing remedial measures where damage already exists.

A major controversy in the late 1980s related to the impact on the environment of the processes used for producing pig iron, and specifically the use of charcoal instead of coke in blast furnaces because of its deforestation effects. This practice, after disappearing in industrialized countries with temperate climates, became an attractive alternative for developing countries which have limited supplies of coking coal but which are located in wet equatorial and tropical areas where reforestation is possible.

On the other hand, the classical method for pig iron production based on coke and sintering plants also has pollution constraints, mainly due to the emissions from coke ovens. Particularly harmful are sulphur dioxide, which is responsible for acid rain, and carbon dioxide, which contributes to the greenhouse effect. As a result of growing constraints on the traditional methods of iron-making, whether using charcoal or coke, the search for cleaner technologies has intensified. Today there is greater acceptance of gas-based, direct reduction methods. Efforts are also being made to develop new smelting reduction processes based on coal instead of coke.

REVIEWS

TRADE POLICY REFORM AND ECONOMIC PERFORMANCE: A REVIEW OF THE ISSUES AND SOME PRELIMINARY EVIDENCE

Manuel R. Agosin
UNCTAD Discussion Paper- No. 41, August 1991

This *Discussion Paper* elucidates major issues involved in trade policy reform and provides some empirical evidence drawn from the experience of developing countries which, during the 1980s, was marked by a reduced emphasis on import-substituting industrialization and a greater reliance on export expansion and liberalization of trade policies. The *Paper* first discusses the issues involved, including the problem of measuring the degree of openness of the trade régime, the relationship between outward orientation and growth, the question of whether import substitution is necessarily the first stage of industrialization, the extent to which import liberalization is needed to encourage export growth, the role of the exchange rate in export performance, and whether stabilization must be achieved before trade policy reform can be successfully implemented. It then examines statistical data from the 1980s and explains the choice of the rate of growth of manufactured exports as a measure of inter-country differences in policy-induced trade performance. Qualitative evidence is then produced on the relationship between trade and exchange rate régimes, on the one hand, and economic growth, on the other. The *Paper's* findings lend support to the proposition that under current conditions outward orientation is more conducive to growth than inward-looking policies. The evidence is less conclusive, however, as regards the relationship between trade liberalization and export growth.

THE LEAST DEVELOPED COUNTRIES 1991 REPORT

United Nations publication
Sales No. E.92.II.O.1

The 1991 edition of this *Report*, the eighth in the series, assesses the economic performance of the LDCs in a long-term perspective, examines the role of stabilization, adjustment and reform policies in these countries and reviews progress in the implementation of international support measures. It also contains a statistical annex. In a section devoted to special issues, the *Report* analyses problems of, and prospects for, trade diversification in LDCs and highlights both the concept of, and recent developments in, participatory development in these countries. The *Report* concludes that there are "grounds for hope, and perhaps even for a certain degree of optimism" concerning the prospects of the LDCs. This positive outlook is based on the achievement of relatively high growth rates in some LDCs in recent years, the widespread reform and democratization movements and, above all, on the newly emerging world political and economic climate.

EUROPEAN CURRENT LAW
Monthly Digest, January 1992

This new monthly publication offers information to legal practitioners, research departments and libraries on legal developments throughout Europe. It gives details of the most important national, European Community and international cases and legislation arising in, or affecting, all European countries, both East and West. Over 80 published sources are used each month, including all major law reporting publications in each country covered. *European Current Law* includes headnotes and summaries of decisions of national High Courts, Appeal Courts and Lower Courts where these deal with the local application of international law; decisions of international courts and bodies which affect Europe; details of relevant treaties, conventions and agreements; abstracts of EEC regulations, directives and national statutes and decrees.

Further information from Sweet and Maxwell Limited, South Quay Plaza, 183 Marsh Wall, London E14 9FT. Annual subscription £275.00.

COMMERCE ET DÉVELOPPEMENT À L'HORIZON 2000
Institut du Droit de l'Economie Internationale du Développement, Paris

This collection of papers presented at a Symposium held in Rabat, Morocco, on the occasion of UNCTAD's twenty-fifth anniversary in 1989 evaluates the experience of a quarter of a century of international action in the field of trade and development and assesses future prospects. It is divided into three parts. The first discusses the role of international organizations such as UNCTAD, GATT and the World Bank. The second deals with the integration of developing countries in international trade, particularly with regard to the implementation of national, regional and interregional policies. The third part examines the issues at stake in international negotiations such as the Uruguay Round, the Lomé Convention and those concerned with solving developing countries' debt problems.

Available in French only from Economica, 49, rue Hericart, 75015 Paris. Price FF 150.

NOTES

WORKING GROUP ON INTERNATIONAL SHIPPING LEGISLATION
The UNCTAD Working Group on International Shipping Legislation met in Geneva from 11–19 November 1991 to examine the system of general average against the background of changes in the field of maritime trade. The Group requested the UNCTAD secretariat, in consultation with the International Maritime Committee (IMC) and the insurance industry to study ways in which insurance agreements could lead to a simplification of the system of general average and to put together relevant information and statistics.

EXPERTS EXAMINE LEGAL ASPECTS OF PORT MANAGEMENT
For the first time a group of experts met informally under UNCTAD auspices from 18–20 November 1991 in Geneva to examine legal aspects of port management. The experts discussed a draft study prepared for the UNCTAD secretariat by Mr. R. Rezenthel, Head of the Legal Office of the Port of Dunquerque, France. The study examines issues such as institutional aspects, financing of works and equipment, liability, insurance, port maintenance and management. The experts recommended that these issues be kept in UNCTAD's work programme and that they should be further examined at the next meeting of the Intergovernmental Group of Port Experts.

SECOND ROUND OF GSTP NEGOTIATIONS
Developing countries meeting in Tehran on 21 November 1991 launched the second round of negotiations on the exchange of trade concessions within the Global System of Trade Preferences (GSTP) and established a Negotiation Committee for this purpose. The 48 developing countries signatories to the Agreement on the GSTP as well as other members of the Group of 77 signified their intention to participate in the second round. It was decided that the Negotiation Committee should hold its opening meeting before 31 July 1992 and that the negotiations should, in principle, be concluded by July 1994. The GSTP Agreement, which entered into force in 1989, establishes a global framework and principles for the exchange of preferential trade concessions among developing countries on all types of products. It has so far been ratified by 37 countries.

ASSOCIATION OF AFRICAN TRADING ENTERPRISES HOLDS FIRST MEETING

The Constituent Assembly of the Association of African Trading Companies was held at its headquarters in Adibjan, Côte d'Ivoire from 9–11 December 1991. Representatives of 65 trading enterprises from 15 African countries adopted the Statutes and the Master Programme of Action of the Association and signed its Constituent Act.

ASATRADE is the first association of African trading enterprises. Its main objective is to promote intra-African trade and economic integration. It will also aim for a greater participation of the private sector in African trade. ASATRADE was set up at a Conference organized by UNCTAD and the African Development Bank in June 1991. *(See "UNCTAD Bulletin", September-October 1991, p. 13).*

WORKSHOP ON TRADE PROMOTION

In co-operation with the Chamber of Commerce and Industry and the Ministry of External Relations of the former USSR, UNCTAD organized the Sixth Interregional Workshop for Trade Representatives/Economic Counsellors of Developing Countries in Moscow on 5–6 December 1991. About 80 participants from 60 developing countries discussed prospects for trade between the republics of the former USSR and developing countries as well as payments arrangements and trade financing. The Workshop also examined the possible impact on trade of the conversion of the military sector.

WORKSHOP ON TECHNOLOGY TRANSFER ARRANGEMENTS

A workshop on Technology Transfer Arrangements for Least Developed and Island Developing Countries of Asia and the Pacific was held in Kathmandu, Nepal from 9–13 December 1991 under UNCTAD auspices and with UNDP financial support. The workshop was part of a project which aims at strengthening the capacity of these countries to promote technology transfer through an improved selection and acquisition of technology. About 20 senior government officials from the Asia-Pacific region and representatives of specialized organizations such as UNIDO, UNCTC, ESCAP and APCTT participated in the event. The enterprise sector was also represented.

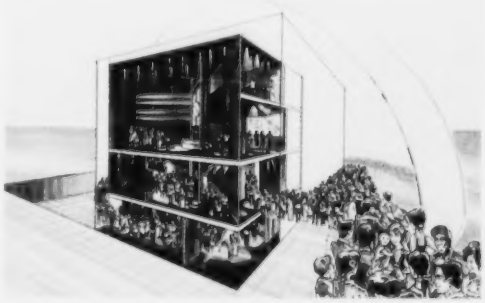
ENCOUNTER ON TRADEABLE CARBON EMISSION ENTITLEMENTS

The Secretary-General of UNCTAD convened an informal encounter on tradeable carbon emission entitlements on 30 January following the completion of a study on the technical and institutional aspects of a global scheme of tradeable CO_2 coupons as a specific market-related mechanism to limit the growth of greenhouse gases that cause global warming. The need to devise workable multilateral mechanisms to control CO_2 emissions has become more urgent as the negotiations for a Convention on Climate Change accelerate and the Rio Summit on Environment and Development approaches.

THE UNITED NATIONS AT EXPO '92

The United Nations is participating in the Universal Exposition 1992 in Seville, Spain which celebrates the great discoveries of the last 500 years. The United Nations pavilion brings together all the organizations of the United Nations system in a unified presentation designed to deliver a common message: create a better world. Since the human race is a diversity of languages and cultures, the message is conveyed through images and sounds. Visitors are shown images of our planet, images of the world's beauties and wealth but also of human misery and deprivation. These and other challenges which humanity faces require a worldwide effort. Through the pavilion visitors get acquainted with the collective answer of the United Nations organizations to these challenges: they seek to restore peace, to foster economic development, to defend human rights and to resolve social and humanitarian problems.

An artist's impression of the United Nations pavilion



Although the pavilion presents a unified image of the United Nations, some agencies have been assigned a special day during which their specific activities will be presented. A gift shop, run by UNICEF, sells different articles, including books, flags, cards, pins and calendars.

MALTA ADOPTS ASYCUDA

On 18 February Malta and UNCTAD signed a project document for the implementation of ASYCUDA in Malta. ASYCUDA is a computerized customs data entry system developed by UNCTAD and designed to facilitate the processing and clearance of goods through customs and to provide reliable external trade statistics. UNCTAD will provide technical inputs over a two-year period while the Government of Malta will fund the totality of the project which is worth $398,000. The upgrading of the country's administrative infrastructure is seen as a key development in anticipation of the transition to full EC membership. Malta is the fifty-first country to adopt ASYCUDA.

TRAINFORTRADE SEMINARS ON COMMODITY TRADING .....

The second TRAINFORTRADE seminar on marketing strategies for commodities and the use of futures markets and options was held from 3–12 February in Abidjan, Côte d'Ivoire with the support of France and in co-operation with the host Government. Some 25 trainees from West African producing countries studied marketing strategies for coffee, cotton and cocoa. They received practical training in the use of futures markets and options as well as of financial instruments designed to limit the risks linked to interest rate and exchange rate fluctuations.

..... *AND ON TRADE WITH EC SINGLE MARKET*

The first TRAINFORTRADE seminar on the subject of trade with EC countries after 1992 was organized by UNCTAD in co-operation with the ITC and with the support of the Italian Government in Turin, Italy from 30 March–4 April. The objective was to help ACP exporters take advantage of the main changes that the EC Single Market will imply in terms of market access conditions and to explore all possibilities offered by the Lomé Convention in the context of the Single Market. The seminar, which was attended by some 25 participants from ACP countries, was part of the new UNCTAD/ITC programme, TRAINFORTRADE, which aims at strengthening the human resources of developing countries in the field of trade and related services. The training package was developed by UNCTAD in co-operation with ITC, the Bocconi University-Milan, the Italian Institute of Foreign Trade and the Commission of the European Community. *(For more information on the TRAINFORTRADE programme, see "UNCTAD Bulletin", September-October 1990, p. 10).*

PUBLICATIONS

- Seventh Ministerial Meeting of the Group of 77: Tehran Final Documents (TD/356)
- Corporate Behaviour in Restraint of Trade in Goods and Services in Pakistan, by Mr. Amjad Riaz (UNCTAD/ITP/66)–English only
- Informal Encounter on Conditions of Financing Enterprise Activities in Developing Countries and Fostering their Participation in World Trade (UNCTAD VIII/7)
- Report of the Trade and Development Board, thirty-seventh session, Second Part (11-22 March 1991) (TD/B/1293 (Vo.II))
- The Principles of Modern Port Management and Organization (TD/B/C.4/AC.7/13)
- Periodic Report 1990: Policies, Laws and Regulations on Transfer, Application and Development of Technology (UNCTAD/ITP/TEC/16)
- Iron Ore Statistics 1981-1990 (TD/B/C.1/IRON ORE/7/Rev.1)
- Trade Facilitation Information: Adoption of the UNCTAD/ICC Rules on Multimodal Transport Documents (TRADE/WP.4/INF.117/Corr.1-TD/B/FAL/INF.117/Corr.1)
- Unique Identification Code Methodology–UNIC (ECE/TRADE/175)
- Technical Assistance in Connection with the Generalized System of Preferences (TD/B/C.5/143)
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NOTICE TO READERS

Exceptionally, this issue of the "UNCTAD Bulletin" covers a four-month period and contains an increased number of pages. This departure from normal practice is due to the fact that during January and February the editorial team was carrying out assignments related to UNCTAD VIII. Any inconvenience which might have been caused is regretted.

The Editor

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